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C O N F I D E N T I A L SECTION 01 OF 02 SAN JOSE 002932

SIPDIS

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TAGS: [PGOV](#) [PINR](#) [PREL](#) [ECON](#) [CS](#)

SUBJECT: PRESIDENTIAL CANDIDATE ANTONIO ALVAREZ DESANTI
STRUGGLING TO FIND HIS CONSTITUENCY

Classified By: Charge Russell Frisbie for reasons 1.4(b) and (d)

Summary

1. (C) Presidential candidate Antonio Alvarez Desanti promised, if elected, to bring strong leadership to Costa Rica, focused first on education, health, infrastructure, security, and housing (areas of broad agreement), and then on the more controversial issue of dismantling state monopolies "by going over the heads of union leaders and speaking directly to the workers and the people." Alvarez Desanti told Ambassador that he is a strong supporter of CAFTA-DR. He said the party he founded in May, Union for Change, will have some representation in the next Legislative Assembly, and, if he loses the presidential election this time, he will be back in 2010. End summary.

Election Campaign

2. (SBU) On December 16, Ambassador paid a courtesy call on Antonio Alvarez Desanti, candidate for president and founder of a new political party, Union for Change. The meeting took place in the corporate offices Alvarez shares with his wife and uses to run their businesses in agricultural products, financing, and real estate. Alvarez is running about fourth in the polls in a field of 14 candidates. He served in the Arias Administration (1986-1990) first as Minister of Agriculture and then as Minister of Public Security. He was elected to the Legislative Assembly to serve in the 1994-98 term, during part of which he was president of the Assembly. A lifelong member of the National Liberation Party (PLN), Alvarez broke away to form his own party in May after it had become evident that Oscar Arias, not he, would be the PLN's standard bearer.

3. (SBU) Alvarez told Ambassador that he had never seen an election season in Costa Rica with the electorate so uninterested. He blamed corruption scandals involving recent past presidents which have caused the voters to equate politics and corruption. Alvarez said he is responding to this phenomenon by running a wholly positive campaign. His strategy is not to attack Arias but to highlight differences in both substance and style. Alvarez is a youthful-looking 47 while Arias appears older than his 65 years. Alvarez plans to run ads featuring his attractive and politically involved wife, along with their two daughters. Opponents Arias and Guevara are divorced, and Solis's wife shuns the limelight.

Need for Leadership

4. (C) Costa Rica is desperate for leadership, Alvarez said. President Pacheco had no vision of where he wanted to take the country, and a fragmented Legislative Assembly did not help matters. As a result, the country has been floundering. Alvarez said in the first months of his administration he would take action in the areas where there is already consensus, e.g., education, health care, infrastructure, security, and housing. Then the real work will begin, i.e., tackling the controversial issue of dismantling state monopolies. Alvarez stressed that he does not necessarily want state companies to be privatized or to disappear altogether, but only that all sectors of the economy, including energy, telecommunications, and insurance, be open to private sector competition. This can be accomplished by a strong and firm leader, Alvarez believes. The trick is to minimize the power of public sector labor unions "by going over the heads of union leaders and speaking directly to the workers and the people."

5. (C) Alvarez said that President Pacheco, by delivering a constantly confusing and equivocating message, gave the unions the upper hand. Union leaders manipulated information to their own advantage. In fact, Alvarez said, the experience of breaking up state monopolies in Costa Rica has been good. In 1995 Costa Rica for the first time allowed private banks to offer personal checking accounts. Practically overnight service improved, costs went down, and bank salaries increased. Most important, the state banks did not go out of business.

6. (C) Alvarez told Ambassador that CAFTA-DR is an essential part of the country's economic strategy. Costa Rica must consolidate and improve access to its main export market. He

said part of the reason CAFTA-DR is so controversial in Costa Rica is that President Pacheco failed to negotiate with rice growers, public sector unions, and other affected sectors. While it is impossible to eliminate opposition, it is possible to dampen it.

Alliances in the next Assembly

17. (C) Alvarez said that his Union for Change Party will be a positive and cooperative force in the next Legislative Assembly. He said he could work with the leftist Citizens' Action Party (PAC) on education and other "social investment" issues and with the Libertarians on free trade. Alvarez said that if he does not win the presidential election this time, he will be back as a candidate in 2010.

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